

Message Text

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PAGE 01 COPENH 00020 041301Z

51

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 NEA-09 IO-10 ISO-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-07

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 OES-03 /115 W
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P R 041159Z JAN 75

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC PRIORITY 226

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ENRG, ETRD, FR, EEC, IR, DA

SUBJECT: EC-IRAN PREFERENCE PROPOSAL

REF: A. COPENHAGEN 3597 B. STATE 282186 C. EC BRUSSELS 8851
D. EC BRUSSELS 9937

SUMMARY. THE DANES WERE SURPRISED AT THE CHANGE IN THE FRENCH
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PAGE 02 COPENH 00020 041301Z

POSITION ON EC-IRAN PREFERENTIAL ARRANGEMENTS. THEY DOUBT THAT

THE FRENCH WILL ACTUALLY PRESS THAT POSITION IN EC FORA. THEY SEEM TO HOPE THE FRENCH WILL NOT DO SO BECAUSE THE DANES APPEAR MORE EAGER TO CREATE AN IMPRESSION OF HELPFULNESS WITH THE IRANIANS THAN IN CONCLUDING AN EC AGREEMENT WHICH GIVES THEM NO DIRECT BENEFITS AND GOES COUNTER TO THEIR OVERALL TRADE PRINCIPLES. END SUMMARY.

1. AT THE FIRST AVAILABLE OPPORTUNITY FOLLOWING REOPENING OF GOVERNMENT OFFICES FOR BUSINESS AFTER HOLIDAYS, ECON COUNSELOR CALLED ON FONOFF DEPUTY UNDER SECRETARY AGERUP JANUARY 3 TO MAKE REPRESENTATIONS REQUESTED REF B. AGERUP HAD NOT BEEN AWARE OF REVERSAL OF FRENCH POSITION ON PREFERENCES FOR IRAN AND WAS SURPRISED THEY WOULD DO SO. HE SAID DANISH GOVERNMENT POSITION WAS STILL NOT COMPLETELY FIRM AS EVIDENCED BY AFFIRMATIVE SUPPORT FONMIN GULDBERG GAVE AT NOVEMBER 12 COUNCIL MEETING FOR REFERRAL OF QUESTION TO THE COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER) FOR FURTHER CONSIDERATION (REF C).

2. AGERUP ADMITTED, HOWEVER, THAT DANES HAVE CONTINUED SUBSEQUENTLY TO INSIST THAT ANY NEW ARRANGEMENT WITH IRAN MUST BE "MEANINGFUL", THUS EXCLUDING ANYTHING INVOLVING STANDARD MFN LANGUAGE. WHEN PRESSED FOR MORE PRECISE DESCRIPTION OF A "MEANINGFUL" AGREEMENT, AGERUP CONCEDED THAT IT WOULD BE VERY HARD TO FIND SATISFACTORY ALTERNATIVE TO ONE HAVING PREFERENTIAL ASPECTS. WHILE NOT GOING INTO DETAIL, HE IMPLICITLY CONFIRMED INFORMATION OBTAINED BY USEC (REF D) THAT, IN COREPER AND WORKING GROUP, DANES HAVE CONTINUED TO PUSH FOR FREE TRADE AREA TYPE AGREEMENT WITH IRAN. AT THE SAME TIME, AGERUP CONTINUED TO INSIST THAT DENMARK REMAINS FLEXIBLE ON ULTIMATE FORM AGREEMENT WILL TAKE.

3. ALTHOUGH RELUCTANT TO DISCUSS NATURE OF INTERNAL DANISH DEBATE ON THE ISSUE, AGERUP IDENTIFIED COMMERCE MINISTER NYBOE ANDERSEN (ALSO MINISTER OF ECONOMICS) AS CHIEF ADVOCATE OF PREFERENTIAL ARRANGEMENT FOR IRAN. (NYBOE ANDERSEN, IN BOTH HIS MINISTERIAL CAPACITIES, HAS BEEN INTIMATELY INVOLVED IN DISCUSSION DURING 1974 WITH IRANIANS REGARDING COOPERATIVE BUSINESS ARRANGEMENTS AND A \$150 MILLION LOAN. HE, THEREFORE, REPRESENTS BOTH THE GOVERNMENT AND DANISH BUSINESS INTERESTS IN EXPANDING COMMERCIAL AND FINANCIAL COOPERATION WITH IRAN.) AGERUP ADMITTED THAT THE LIMITED OFFICIAL USE

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PAGE 03 COPENH 00020 041301Z

PRINCIPAL DANISH INTEREST IN PRESSING FOR FTA WITH IRAN WAS BASED ON SELF-INTEREST IN IMPROVING CLIMATE OF DANISH-IRAN BUSINESS RELATIONS. HE CLAIMED THAT IRAN ITSELF HAD NOT PUT STRONG PRESSURES ON DENMARK IN THIS REGARD.

4. ECON COUNSELOR REVIEWED US POSITION ON THIS ISSUE (WITH WHICH AGERUP IS THOROUGHLY FAMILIAR) STRESSING THE INCONSISTENCY OF DANISH POSITIONS IN THIS MATTER WHEN COMPARED TO THEIR STRONG

ADVOCACY OF A COOPERATIVE EFFORT AMONG OIL CONSUMING COUNTRIES IN THE CONTEXT OF ENERGY POLICY DISCUSSIONS. HE POINTED OUT THAT DANISH EFFORTS TO OBTAIN FOR THEMSELVES AND THE COMMUNITY A SPECIAL ARRANGEMENT WITH IRAN FLY DIRECTLY IN THE FACE OF THE UNIFIED STAND ON ENERGY POLICY SO STRONGLY SUPPORTED BY DENMARK. AGERUP ADMITTED THE DICHOTOMY BUT THEN OBSERVED THAT MANY OBSTACLES STILL REMAIN IN PATH OF EFFORT TO OBTAIN A PREFERENTIAL ARRANGEMENT FOR IRAN. AS HE UNDERSTOOD THE SCENARIO, AFTER COREPER STUDY THE COMMISSION WILL MAKE ITS RECOMMENDATIONS TO THE COUNCIL. THIS CANNOT BE EXPECTED UNTIL LATE JANUARY AT THE EARLIEST AND, SINCE IT WAS HIS IMPRESSION THAT THE COMMISSION REMAINS UNENTHUSIASTIC ABOUT PREFERENCES FOR IRAN, HE THOUGH ITS RECOMMENDATIONS WOULD BE NEGATIVELY CAST.

5. AGERUP ALSO THOUGH THAT A FRENCH ADVOCACY OF SUPPORT FOR AN EC-IRAN PREFERENTIAL ARRANGEMENT, PRESUMABLY MADE UNDER SOME PRESSURE, DOES NOT RPT NOT NECESSARILY MEAN THAT FRENCH WILL SUDDENLY BECOME STRONG ADVOCATES OF SUCH ARRANGEMENT WITHIN COMMUNITY FORA.

6. AGERUP SAID HE WOULD CAREFULLY CONSIDER THE NEW EXPRESSIONS OF U.S. CONCERN AND DISCUSS THE ISSUE AGAIN WITH FONMIN GULDBERG. HE DID NOT WISH TO SPECULATE ON THE EFFECTS OF THE CHANGE IN THE FRENCH POSITION (BEYOND QUESTIONING WHETHER IT IS REAL) ON DANISH VIEWS BUT SAID HE FELT THAT, OBVIOUSLY, IT WOULD NOT WEAKEN THE POSITION OF THOSE DANES SUPPORTING PREFERENCES FOR IRAN. IN ANY CASE, HE DID NOT THINK THAT DENMARK WOULD BE ABLE TO GIVE THE MATTER SERIOUS RECONSIDERATION UNTIL AFTER THE JANUARY 9 ELECTIONS.

7. EMBASSY COMMENT. AS IN PREVIOUS DISCUSSIONS, AGERUP GAVE THE IMPRESSION THAT HE LOOKED AT THE DANISH EFFORTS TO OBTAIN FTA-LIKE ARRANGEMENT FOR IRAN WITH CONSIDERABLE DISTASTE. LIMITED OFFICIAL USE

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SEVERAL TIMES IN THE COURSE OF THIS MOST RECENT DISCUSSION, HE IMPLIED THAT A CHANGE IN THE DANISH POSITION WAS POSSIBLE BUT THEN HASTILY NOTED THE SERIOUS DOMESTIC PROBLEMS AND SAID HE DID NOT WANT TO GIVE A FALSE IMPRESSION OF CHANGE WHEN THERE MIGHT BE NONE. IT IS OUR IMPRESSION THAT THE DANES DO NOT WANT TO CHANGE THEIR POSITION BUT HOPE THAT THE REST OF THE COMMUNITY WILL REMAIN FIRMLY OPPOSED TO THEM. IN THIS MANNER, THEY CAN SAY TO THEMSELVES, AND TO THE IRANIANS, THAT THEY HAVE TRIED THEIR BEST BUT FAILED.

8. WE DISCUSSED THE RELATIONSHIP OF THE CASEY-SOAMES UNDERSTANDING TO THE IRAN ISSUE WITH AGERUP BUT FOUND THAT IT TENDED TO COMPLICATE THE ISSUE MORE THAN CONTRIBUTE TO A CLARIFICATION. STILL, THE POINT WAS REITERATED, AND AGERUP UNDERSTOOD ITS IMPLICATIONS.

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